

ORIGINAL
OPEN MEETING



0000043717

MEMORANDUM

RECEIVED

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TO: THE COMMISSION

FROM: Utilities Division

DATE: February 27, 2006

RE: IN THE MATTER OF THE APPLICATION OF BELL ATLANTIC COMMUNICATIONS, INC. DBA VERIZON LONG DISTANCE TARIFF FILING TO REMOVE THE MAXIMUM RATE APPLICABLE TO THE PAY TELEPHONE SURCHARGE; AND TO PROPOSE INCREASE TO MAXIMUM RATES ASSOCIATED WITH VARIOUS SERVICES (DOCKET NO. T-03289A-04-0877)

EA for EGJ

2006 FEB 27 P 4: 06

AZ CORP COMMISSION
DOCUMENT CONTROL

On December 9, 2004, Bell Atlantic Communications, Inc. dba Verizon Long Distance ("Verizon") filed revisions to its Telecommunications Services Tariff and Price List. Verizon seeks to revise the Pay Telephone Surcharge ("Payphone Surcharge") section of its tariff to, delete its Payphone Surcharge maximum, increase its Long Distance Message Telecommunications Services ("LDMTS") maximum rate, increase its Plan F Service maximum rate and increase its Plan G Service maximum rate.

On February 25, 2005, Verizon submitted an amendment to its requested tariff revisions. These revisions deleted Verizon's request to increase its LDMTS and Plan G Service maximum rates. Verizon indicated that it is still requesting the authority to increase its current Payphone Surcharge, delete its maximum Payphone Surcharge and increase its Plan F Service rates. A Payphone Surcharge is a per call surcharge which customers pay to ensure that all payphone service providers are fairly compensated for each and every completed call. The Federal Communications Commission ("FCC") in *In the Matter of Request to Update Default Compensation Rate for Dial-Around Calls from Payphones*, Report and Order, Adopted July 27, 2004, WC Docket No. 03-225 increased the default rate of payphone compensation for "Dial around" calls set forth in 47 C.F.R. § 64.1300 (c) from \$0.24 per call to \$0.494 per call. Currently, Verizon charges a Payphone Surcharge of \$0.30. Verizon has requested Commission approval to delete the maximum rate for the payphone surcharge in its tariff. The surcharge would become a pass through and changes to the rate would not require further Commission approval. Furthermore, Verizon would not be authorized to assess a charge greater than that approved by the FCC. Verizon stated that it is filing this tariff revision to meet the FCC's increased default rate of payphone compensation. Verizon also indicated that it currently charges a Payphone Surcharge of \$0.50 in every state except Alaska.

Verizon indicated that it currently has 4,398 presubscribed lines, representing approximately 3,000 customers in Arizona. Staff has reviewed Verizon's customer notification and concluded that it is consistent with Commission rules.

THE COMMISSION


February 27, 2006

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Verizon also submitted a tariff revision which would increase the maximum monthly recurring charges for Plan F Service. The current maximum of \$5.00 for the 60 minute option would increase to \$12.00. The effective rate would increase from \$5.00 to \$6.00 per month. Since this filing increases the maximum rates for a component of a service that has been classified as competitive under the Commission's Competitive Telecommunications Service Rules, Arizona Administrative Code ("A.A.C.") R14-2-1110 applies to Verizon's proposal. Verizon provided the information required by A.A.C. R14-2-1110 to allow Staff to determine the potential effects of approval of the filing. The information provided by Verizon indicates that the maximum revenue effect of approval of this filing is an increase of up to \$14,364 in Verizon's annual Arizona revenues. The annual revenue effect of the proposed change from \$5.00 to \$6.00 in the monthly charge is \$2,040.

The rates contained in this filing are for services that have been classified as competitive by the Commission and are subject to the Commission's Competitive Telecommunications Service Rules. Under these rules, rates for competitive services are not set according to rate of return regulation. Staff requested information from Verizon regarding its fair value rate base. Verizon indicated that its fair value rate base is zero. However, the rate to be ultimately charged by Verizon will be heavily influenced by the market. Because of the nature of the competitive market and other factors, a fair value analysis is not necessarily representative of the company's operations. Therefore, while Staff considered the fair value rate base information submitted by Verizon, it did not accord that information substantial weight in its analysis of this matter.

Staff recommends approval of this filing.

for 
Ernest G. Johnson
Director
Utilities Division

EGJ:WMS:lhmdr

ORIGINATOR: Wilfred Shand, Jr.

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IN THE MATTER OF THE APPLICATION)
OF BELL ATLANTIC COMMUNI-)
CATIONS, INC. DBA VERIZON LONG)
DISTANCE TARIFF FILING TO REMOVE)
THE MAXIMUM RATE APPLICABLE TO)
THE PAY TELEPHONE SURCHARGE;)
AND TO PROPOSE INCREASE TO)
MAXIMUM RATES ASSOCIATED WITH)
VARIOUS SERVICES)

Open Meeting
March 15 and 16, 2006
Phoenix, Arizona

BY THE COMMISSION:

FINDINGS OF FACT

1. Bell Atlantic Communications, Inc. d/b/a Verizon Long Distance ("Verizon-LD") is certified to provide intrastate telecommunications service as a public service corporation in the State of Arizona.

2. On December 9, 2004, Verizon-LD filed tariff revisions to increase its Pay Telephone Service (“Payphone Surcharge”) current rate, delete its Payphone surcharge maximum rate, increase its Long Distance Message Telecommunications Services (“LDMTS”) maximum rate, increase its Plan F Service maximum rate and increase its Plan G Service maximum rate:

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Bell Atlantic Communications, Inc. d/b/a Verizon Long Distance

AZ.C.C. Tariff No. 2, Page 1, 57th, Revised
AZ.C.C. Tariff No. 2, Page 14, First Revised
AZ.C.C. Tariff No. 2, Page 30.1, Third Revised
AZ.C.C. Tariff No. 2, Page 33.31, Third Revised
AZ.C.C. Tariff No. 2, Page 34.5, Fifth Revised

3. On February 25, 2005, Verizon submitted an amendment to its requested tariff revisions. These revisions deleted Verizon's request to increase its LDMTS and Plan G Service maximum rates. Verizon indicated that it is still requesting the authority to increase its current Payphone Surcharge, delete its maximum Payphone Surcharge and increase its Plan F Service rates.

4. A Payphone Surcharge is a per call surcharge which customers pay to ensure that all payphone service providers are fairly compensated for each and every completed call. The Federal Communications Commission ("FCC") in *In the Matter of Request to Update Default Compensation Rate for Dial-Around Calls from Payphones*, Report and Order, Adopted July 27, 2004, WC Docket No. 03-225 increased the default rate of payphone compensation for "Dial around" calls set forth in 47 C.F.R. § 64.1300 (c) from \$0.24 per call to \$0.494 per call. Currently, Verizon charges a Payphone Surcharge of \$0.30.

5. Verizon has requested Commission approval to delete the maximum rate for the payphone surcharge in its tariff. The surcharge would become a pass through and changes to the rate would not require further Commission approval. Furthermore, Verizon would not be authorized to assess a charge greater than that approved by the FCC. Verizon stated that it is filing this tariff revision to meet the FCC's increased default rate of payphone compensation. Verizon also indicated that it currently charges a Payphone Surcharge of \$0.50 in every state except Alaska.

6. Verizon indicated that it currently has 4,398 presubscribed lines, representing approximately 3,000 customers in Arizona. Staff has reviewed Verizon's customer notification and concluded that it is consistent with Commission rules.

7. Verizon also submitted a tariff revision which would increase the maximum monthly recurring charges for Plan F Service. The current maximum of \$5.00 for the 60 minute

option would increase to \$12.00. The effective rate would increase from \$5.00 to \$6.00 per month. Since this filing increases the maximum rates for a component of a service that has been classified as competitive under the Commission's Competitive Telecommunications Service Rules, Arizona Administrative Code ("A.A.C.") R14-2-1110 applies to Verizon's proposal. Verizon provided the information required by A.A.C. R14-2-1110 to allow Staff to determine the potential effects of approval of the filing. The information provided by Verizon indicates that the maximum revenue effect of approval of this filing is an increase of up to \$14,364 in Verizon's annual Arizona revenues. The annual revenue effect of the proposed change from \$5.00 to \$6.00 in the monthly charge is \$2,040.

8. The rates contained in this filing are for services that have been classified as competitive by the Commission and are subject to the Commission's Competitive Telecommunications Service Rules. Under these rules, rates for competitive services are not set according to rate of return regulation. Staff requested information from Verizon regarding its fair value rate base. Verizon indicated that its fair value rate base is zero. However, the rate to be ultimately charged by Verizon will be heavily influenced by the market. Because of the nature of the competitive market and other factors, a fair value analysis is not necessarily representative of the company's operations. Therefore, while Staff considered the fair value rate base information submitted by Verizon, it did not accord that information substantial weight in its analysis of this matter.

9. Staff has recommended approval of this filing.

CONCLUSIONS OF LAW

1. Verizon-LD is a public service corporation within the meaning of Article XV, Section 2, of the Arizona Constitution.

2. The Commission has jurisdiction over Verizon-LD and over the subject matter of the Application.

3. The Commission, having reviewed Verizon-LD's request and Staff's Memorandum dated February 27, 2006, concludes that Verizon-LD's request is reasonable, fair and equitable, and therefore in the public interest.

ORDER

IT IS THEREFORE ORDERED that Verizon's proposed tariff revisions be and hereby are approved.

IT IS FURTHER ORDERED that this decision shall become effective immediately.

BY THE ORDER OF THE ARIZONA CORPORATION COMMISSION

CHAIRMAN

COMMISSIONER

COMMISSIONER

COMMISSIONER

COMMISSIONER

IN WITNESS WHEREOF, I BRIAN C. McNEIL, Executive Director of the Arizona Corporation Commission, have hereunto, set my hand and caused the official seal of this Commission to be affixed at the Capitol, in the City of Phoenix, this _____ day of _____, 2006.

BRIAN C. McNEIL
Executive Director

DISSENT: _____

DISSENT: _____

EGJ:WMS:lm\DR

Decision No. _____

1 SERVICE LIST FOR: Bell Atlantic Communications, Inc. d/b/a Verizon Long Distance
2 DOCKET NO. T-03289A-04-0877

3 Ms. Connie Wightman
4 Technologies Management, Inc.
5 210 North Park Avenue
6 Winter Park, Florida 32789

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7 Director, Utilities Division
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9 1200 West Washington
10 Phoenix, Arizona 85007

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